

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 2338

IN THE MATTER OF:

Served May 18, 1982

Application of AIRPORT LIMO, INC., )  
for A Certificate of Public )  
Convenience and Necessity to )  
Perform Charter Operations )

Case No. AP-81-24

By application filed October 23, 1981, Airport Limo, Inc., seeks a certificate of public convenience and necessity to transport passengers, together with mail, express and baggage in the same vehicle with passengers, in charter operations, between points in the Metropolitan District, restricted against lectured and interpretive sightseeing service. Pursuant to Order Nos. 2274 and 2288, served November 9 and December 4, 1981, respectively, and incorporated by reference herein, public hearings on this application were held on February 4 and 24 and March 23, 1982. While Executive Limousine Service, Inc., and Gold Line, Inc., initially protested the application, Executive did not actually appear in opposition and Gold Line withdrew during the course of the proceedings.

The general manager and the controller of Airport Limo testified as to the operations of the company and its financial position. The general manager stated that, pursuant to WMATC Certificate of Public Convenience and Necessity No. 26, the carrier provides special operations and charter service from and to Washington National and Dulles International Airports. He explained safety and equipment maintenance procedures and stated that the company employs approximately 60 full-time drivers. With respect to equipment, he sponsored an exhibit showing that there are 27 vans stationed at National Airport, with 19 used for special operations and eight available for charter service. At Dulles Airport three vans are used for special operations, six vans are available for charter work, ten buses are utilized for special operations service and five buses are available for charter work. The witness also sponsored an exhibit representing requests for charter service that could not be met by Airport Limo because it lacks appropriate operating authority. He pointed out the decrease in passenger traffic at both airports and a resulting increase in the availability of equipment for charter work.

This decrease in activity at the airports has reduced Airport Limo's profits because, under the carrier's contract with the Federal Aviation Administration to provide airport transportation, a basic level of service must be maintained despite the downturn in passenger traffic.

The carrier's controller testified regarding the projected income statement for the year ending December 31, 1982, explaining that revenue was projected by estimating the hours of charter operations for vans and buses and multiplying the estimates by the proposed tariff rates. Expenses were estimated as a direct function of service hours in appropriate instances and overhead was allocated by category of service. The projection showed an operating ratio of 94.35 percent. The controller stated that a grant of authority herein would increase the profitability of the company because of the broader revenue base over which overhead expenses would be allocated. He also testified that the most recent four-month income statement (for the period ending October 31, 1981) shows an improvement in terms of profit for the company compared to the same prior period. For the period since October 31, 1981, the witness stated the company has lost money because of the passenger downturn at the airports.

Fifteen witnesses testified in support of the application including representatives of four Maryland and three Virginia hotels, four private tour handlers and four other representatives of organizations familiar with local transportation needs.

The Maryland hotel representatives, three from Silver Spring and one from Gaithersburg, all in Montgomery County, generally testified that they often book government convention and trade association groups of from ten to fifty people and require transportation for hotel guests to meetings and convention sites and for social outings. They testified that existing public transportation, including Metrobus, Metrorail and taxicabs, is inadequate for most needs. Although one hotel recently purchased a van for local short hauls, these witnesses generally agreed that there is a need on the average of two to four times a month for large motor coaches and fifteen-passenger vans to accommodate guests. The hotel representatives expressed familiarity and satisfaction with Airport Limo's service from and to National and Dulles airports. They also pointed out that the construction of the Washington Convention Center in the District of Columbia brings the opportunity for future bookings of groups desiring to lodge in the less-expensive suburban hotels. The hotel representatives expect to compete for Convention Center participants and foresee a need for adequate ground transportation to serve hotel guests.

The three Virginia hotel representatives, one from Crystal City and two from Fairfax testified regarding their need for transportation.

The Fairfax representatives discussed a need for charter transportation to Washington Redskins home football games and occasional requests for service to Washington, D. C. in a small (van) vehicle.

The general manager of the Crystal City Hyatt Regency described the hotel as the first major convention facility in Northern Virginia and stated that his ideal market would be 50 percent convention guests and 50 percent corporate transients. While the hotel was not open at the date of the hearing (February 4, 1982), it was expected to open within a week thereafter. The witness testified that there will be a need for transportation to entertainment locations, sightseeing tours, airport transfers and, in the future to and from the Washington Convention Center.

Representatives of four private tour handlers testified regarding their particular needs for local ground transportation.

Travel Advisors, Inc., serves the so-called incentive travel market by coordinating hotel accommodations, providing guides, arranging ground transportation and rendering other related services. Many of the groups handled by this firm originate overseas, with a preponderance originating in the United Kingdom. During 1981, Travel Advisors chartered approximately 60 coaches for trips subject to this Commission's jurisdiction. Approximately 30 trips were transfers to or from National or Dulles airports, 15 trips included lectured sightseeing (including a guide provided by Travel Advisors) and the balance were transfers which did not involve the airports. The firm's customers require luxury equipment at the lowest possible price, and, in the witness's opinion, it may be difficult to obtain such equipment from certificated carriers during times of peak demand.

Central Tours, located in Washington, D. C., arranges charter transportation for groups coming to the metropolitan area. The periods of March through July 4, September and October are the busy season for this firm. During these seasons, 2 or 3 buses a day may be required, and obtaining equipment on short notice can be "almost impossible". Like Travel Advisors, this firm has often used the services of carriers which hold no certificate from this Commission.

Washington Whirl-Around, Inc., charters buses, vans and limousines for conventions and trade associations. During its busy season (spring and autumn), vehicles are required on a daily basis. These vehicles, it is said, are difficult to secure even when requests for reservations are made two months in advance. It is anticipated that the new convention center will intensify the demand for charter equipment.

Washington Group Tours, like the preceding three firms, arranges charter service for its customers. The testimony from this company's witness was essentially corroborative of the statements made by the other private tour handlers.

The American Press Institute, located in Reston, Va., operates 34 seminars a year for executives of daily newspapers. Each seminar accommodates 35 persons and lasts from a week to 10 days. Transportation might be required for the entire group to the facilities of the Washington Post, or for some members of the group who desire to engage in sightseeing, shopping or dining in the District of Columbia on their own time. Existing bus service has been generally satisfactory to API, but is too expensive for those "eight or nine seminar members who wish to go into [the District of Columbia, Tysons Corner, Va.,] or whatever for dinner on their own."

The Arlington Chamber of Commerce testified that there are 5,800 hotel rooms in Arlington County with another 1,200 rooms to be completed by the end of 1982. It is projected that the number of travel dollars spent in Arlington County will increase from \$340 million in 1981 to \$500 million in 1983. Increased convention and business meetings constitute an important segment of this growth. Assuming that overall economic conditions do not inhibit these projections, a need for an increased quantum of transportation service is also foreseen.

The Country Club of Fairfax charters buses for Washington Redskin home football games and occasionally could use a bus or vans for golf outings.

The Washington Convention and Visitors Association's mission is to attract conventions and tourists to Washington, D. C. Among its functions, WCVA has been booking conventions for the Washington Convention Center which is expected to open in late 1982. In this connection WCVA provides information to prospective clients about hotels and other facilities which would also be used by conventioners.

WCVA sponsored an exhibit showing the number of convention delegates expected to use the Washington Convention Center over the next three years. The table below shows both definite and tentative reservations to date.

	<u>1983</u>	<u>1984</u> .	<u>1985</u>
Definite Reservations	70,500	97,000	58,500
Prospective Bookings	34,500	106,000	75,000

These delegates will use a variety of housing accommodations including existing hotels and hotels projected to be built in the next few years. Most delegates prefer hotels in close proximity to the convention site. Some, however, will select more remote hotel facilities if the (additional) cost of transportation does not fully offset reduced hotel prices. Convention delegates or, more typically, their spouses would also use charter buses for ancillary programs such as sightseeing and lobbying.

Title II, Article XII, Section 4(b) of the Compact provides that the Commission shall issue a certificate to any qualified applicant therefor if it finds ". . . that the applicant is fit, willing and able to perform such transportation properly and to conform to the provisions of this Act and the rules, regulations, and requirements of the Commission thereunder, and that such transportation is or will be required by the public convenience and necessity; otherwise such application shall be denied." In this case, we find that applicant has met the statutory criteria.

Airport Limo operates equipment suitable for the proposed operations and, since its commencement of operations subject to our jurisdiction, the company has made significant efforts to enlarge and upgrade its fleet of vehicles. Applicant's financial situation, while showing improvement, remains less than optimal. Expenses and liabilities of Airport Limo, however, are guaranteed by its affiliate, All State Messenger and Delivery Service, Inc., which has over \$450,000 in retained earnings. Hence, we find that applicant is fit, willing and able, financially and otherwise, to conduct the proposed service.

The uncontroverted testimony of public witnesses indicates that equipment shortages are commonly experienced during the peak seasons for sightseeing and tourism. March, April, May, June, September and October of each year traditionally find great demands being placed on the fleets (particularly buses) of certificated carriers. Naturally, these carriers maintain a quantum of equipment tempered by off-peak requirements.

The opening of the Washington Convention Center will unquestionably result in even more visitors being attracted to the Metropolitan District. Given the lack of opposition from existing carriers, we cannot assume that they are willing to augment their fleets to meet additional demands on transportation resources. Moreover, several witnesses have (albeit unknowingly) been turning to uncertificated carriers for buses. Under these circumstances, we find that the present and future public convenience and necessity require certification of this applicant to conduct charter operations.

Airport Limo has asked that any grant of authority be restricted against lectured and interpretive sightseeing service, and most of the potential users of such service (travel advisors and agents) prefer to provide their own licensed guides. Accordingly, a restriction against such service by applicant or any affiliated entity will be imposed. Finally, we shall delete mileage charges from the rates to be approved inasmuch as applicant's records indicate that only hourly rates are used for transportation within the confines of the Metropolitan District.

THEREFORE, IT IS ORDERED:

1. That Airport Limo, Inc., is hereby granted authority to transport passengers and mail, express and baggage, in the same vehicle with passengers, in charter operations, between points in the Metropolitan District, restricted against lectured and sightseeing service where the lecturer or guide is furnished by Airport Limo, Inc., or any person controlling, controlled by, or under common control with Airport Limo, Inc., and further restricted against transportation solely within the Commonwealth of Virginia in accordance with the Compact, Title II, Article XII, Section 1(b).

2. That except to the extent granted herein, the above-referenced application of Airport Limo, Inc., is hereby denied.

3. That Airport Limo, Inc., is hereby directed to file two copies of WMATC Tariff No. 12, Supplement No. 2, cancelling (in part) WMATC Tariff No. 12 and containing the following rates for charter service:

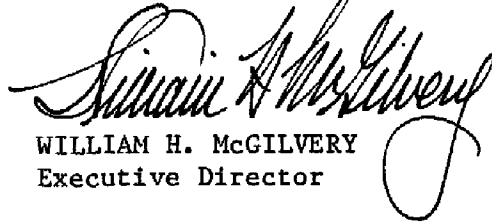
	<u>Per Hour</u>	<u>Minimum</u>
11-passenger vehicle	\$25	\$58
40-passenger vehicle or larger	\$40	\$125

4. That upon compliance with the tariff filing requirement set forth herein, an appropriately revised Certificate of Public Convenience and Necessity No. 26 shall be issued.

5. That unless Airport Limo, Inc., complies with the tariff filing requirement of this Order within 30 days from the date of service hereof, or within such additional time as the Commission may provide, the grant of authority herein shall be void and the

application shall stand denied in its entirety effective upon the expiration of the said compliance time.

BY DIRECTION OF THE COMMISSION, COMMISSIONERS CLEMENT, SCHIFTER AND SHANNON:



WILLIAM H. MCGILVERY  
Executive Director